WORLD BANK NEWS

Volume XIII, No. 14 April 7, 1994

LENDING

Mexico Launches Massive Education Reforms In Poor Southern States

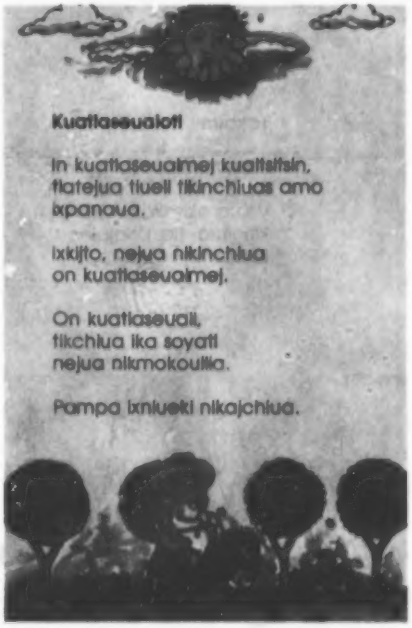
Project Seeks Better Schools, Teachers and Textbooks for Indigenous Students

For more than 30 years, Mexico's policy has been to supply every student with a complete, free set of textbooks for all primary education subjects. Last year alone the government produced 90 million high quality books.

But in Southern Mexico—the poorest, most isolated region of the country where roads and mail service are sometimes nonexistent—textbooks reached students months too late or not at all.

It's a telling disparity. While Mexico has made strides in national education over the last decades and recently adopted aggressive reform policies to boost school achievement, the poor states of the South remain abysmally behind. They lack the resources and administrative capability to exploit national advances.

Now the Mexican government is pushing its reform agenda farther south. With help from a $412 million World Bank loan—one of the largest ever social sector Bank loans in Latin America—and with more than $200 million of its own, Mexico is launching an ambitious primary education project in 10 of the poorest southern states.



Mexico's school plan will provide textbooks in native languages, some for the first time. Above, a primer in Nahuatl.

"At least two countries exist in Mexico: North and South," says Antonio Pereira, an education specialist in the Bank's Latin America region. "The South is poor. Education in those states is lagging behind even other Latin American countries."

The project, which builds on a pilot program in four other southern states, targets 1.5 million children in areas that rank lowest on key poverty and education indicators. Almost all of them are rural, isolated villages without basic services. In these schools, teachers with the least training and experience stand before students who need the most help: children from indigenous, extremely poor, illiterate families. Some schools have closed entirely because teachers fail to show up or the buildings are collapsing. The yearly turnover rate for teachers

See MEXICO, *page 2*

A project in Cote d'Ivoire aims to energize a network for rural savings and loan cooperatives to provide banking and credit to farm families. 3

The International Development Association approved a $246 million credit to an Indian state devastated by a September earthquake. 3

Ethiopia hopes a plan to boost gas fuels production will ease the pressure on rapidly disappearing forests. 4

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Parents Participate in Education Reform

MEXICO, *from page 1*

can be 17 percent in some cases, and many of the schools have no principal.

"These children come to school hungry," says Pereira. "With such poverty, you have to apply a compensatory approach to education."

The government is responding to poverty's stranglehold on southern schools with a massive educational offensive. The project will: train teachers; motivate them with salary incentives and better equipment; rebuild crumbling schoolhouses; deliver into students' hands basic supplies and high-quality, timely textbooks—including the first in some indigenous languages; and, perhaps most importantly, invest state agencies with the skills to run better schools, especially as they gain more responsibility under a decentralization plan.

M. Iannacci

Antonio Pereira

"We're trying to create a system that has existed nominally, but not in actuality," says Pereira. "Better prepared teachers, better books and more books in the reading corners, new methodologies and safer schools."

The project would establish local education councils made up of parents, teachers and officials to oversee several aspects of school reform. They will help decide when and where to build schools, expand them, or close them down. They will help school officials maintain buildings and oversee teachers.

Rebuilt classroom walls will boast maps, charts, and posters. New classroom closets will hold paints, games, anatomic models, even tape recorders and overhead projectors. Students will get their own pencils, notebooks, crayons and dictionaries. New regional warehouses will speed up the distribution of textbooks. And indigenous children will read books and materials written, for the first time, in 17 of their native languages, with culturally adapted content to aid bilingual learning.

UNICEF/Sean Sprague

Better schools, better teachers and pencils of his very own.

But even with more supplies and better buildings, students cannot learn without good teachers, supervisors and administrators. The project devotes almost $300 million to human resource development and institution strengthening. Managers will receive training, abroad and in Mexico, in curriculum design, evaluation and financing. And hardship rural assignments for teachers will be made more attractive, offering incentives learned during the pilot program.

Teachers now, for example, usually travel miles, often by foot or on horseback, to dilapidated buildings empty of supplies. "It's not an enticing situation for any professional to go into without a strong motivation," says Pereira.

But the pilot project suggested a solution: teachers were offered double their salary if they got to school five days a week. As a result, teacher attendance rocketed and in one of the four pilot states, turnover fell from 80 percent to 30 percent at participating schools.

"This was a success story," Pereira says.□

Development Economics Conference

The 1994 Annual Bank Conference on Development Economics will be on April 28 and 29 at the Bank's Washington headquarters

This year's themes will include transition in socialist economies, international migration pressure and employment and geography.

Participants will include former Polish Finance Minister Leszek Balcerowicz, Jeffrey Sachs of Harvard and Anders Aslund of Stockholm School of Economics.

The conference will begin at 9 a.m., April 28 at the Bank's "J" building, 701 18th St. NW, Washington. For information, journalists may call Bill Brannigan at (202) 473-1784.

READEX
FICHE

LENDING

Cote D'Ivoire Revitalizes Lending Co-Ops to Fuel Rural Development at Grass Roots

Private banks in Cote d'Ivoire, as in most African countries, tend to confine their operations to within city limits, shying away from the trying conditions and high costs of doing business in the countryside. So when Cote d'Ivoire's state-run agricultural bank collapsed in 1991, rural families lost almost their only source of banking services, and the vital agricultural sector was left virtually without access to credit.

To fill the wide gaps in provincial banking, the government of Cote d'Ivoire is turning to a grass-roots network of rural savings and loans, popular cooperatives that serve as village banks and make small, short-term loans to farmers and rural families. A credit of SDR 1.5 million ($2.2 million) from the International Development Association will finance a major rehabilitation and strengthening of the 70 cooperatives and help start more of them.

By lending small amounts to farmers—to buy a new piece of equipment, for example, or to pay school fees—the cooperative network will take advantage of untapped savings potential in rural areas to fuel growth in the farm sector, which is Cote d'Ivoire's economically most important.

"The savings and loan network gives the rural population a place for the safekeeping of their savings, and lending for their short-term credit needs," says Ted Nkodo, a chief of agricultural operations in the Bank's West Africa region. "This is very much an institution-building project."

The National Bank for Agricultural Development, before it folded, accounted for more than 75 percent of farm lending in the West African country and was the only bank with many rural branches. City-bound private banks focus their lending on commercial and industrial ventures, making less than 4 percent of their loans to agriculture.

The cooperatives have filled some of the need for rural lending since they appeared in the mid-1970s and were for several years heavily promoted by the government. But the network suffered in the 1980s when Cote d'Ivoire's economy was racked by falling commodities prices, drought and, finally, the collapse of the agricultural bank and the suspension of external assistance. By 1991, loan delinquency was rampant and about a third of the 76 cooperatives were closed. Today, the cooperatives average only about 200 members each, and their deposits are usually well below the level needed for financial viability.

The new initiative, based on a successful pilot project by the Canadian and French governments and the World Bank, seeks to increase training and tighten management both at individual cooperatives and the network's central offices. Existing savings and loans will be audited and restructured, and as many as 75 new cooperatives could be established. And to draw in new members, the project will launch a campaign to restore public confidence in the institutions and explain their cooperative, small-scale nature. □

Maharashtra Rebuilds

More than 200,000 dwellings were destroyed or damaged by a devastating early morning earthquake that demolished parts of India's Maharashtra State on Sept. 30, 1993. The International Development Association on March 31 approved a credit of SDR 177 million ($246 million) to help the state rebuild the shattered districts.

An estimated 8,000 people were killed when the quake, measuring 6.4 on the Richter scale, shook apart traditional village houses built of extremely heavy materials. Sleeping residents were crushed by collapsed three-foot-thick walls, made of stone boulders bound with dirt and clay, and massive wood and dirt roofs.

Using earthquake-resistant design and construction, the project will help the Maharashtra government reconstruct almost 50 villages that were totally destroyed, comprising about 23,000 new houses and related infrastructure. About 30,000 demolished houses and 180,000 damaged ones will be rebuilt on their original lots. Public buildings and infrastructure will be repaired and upgraded.

LENDING

Ethiopian Gas Project to Save Forests

Ethiopia has stripped away most of its forests to meet fuel needs. Now the country is embarking on an energy program to wean itself from a ruinous reliance on wood as its major source of energy.

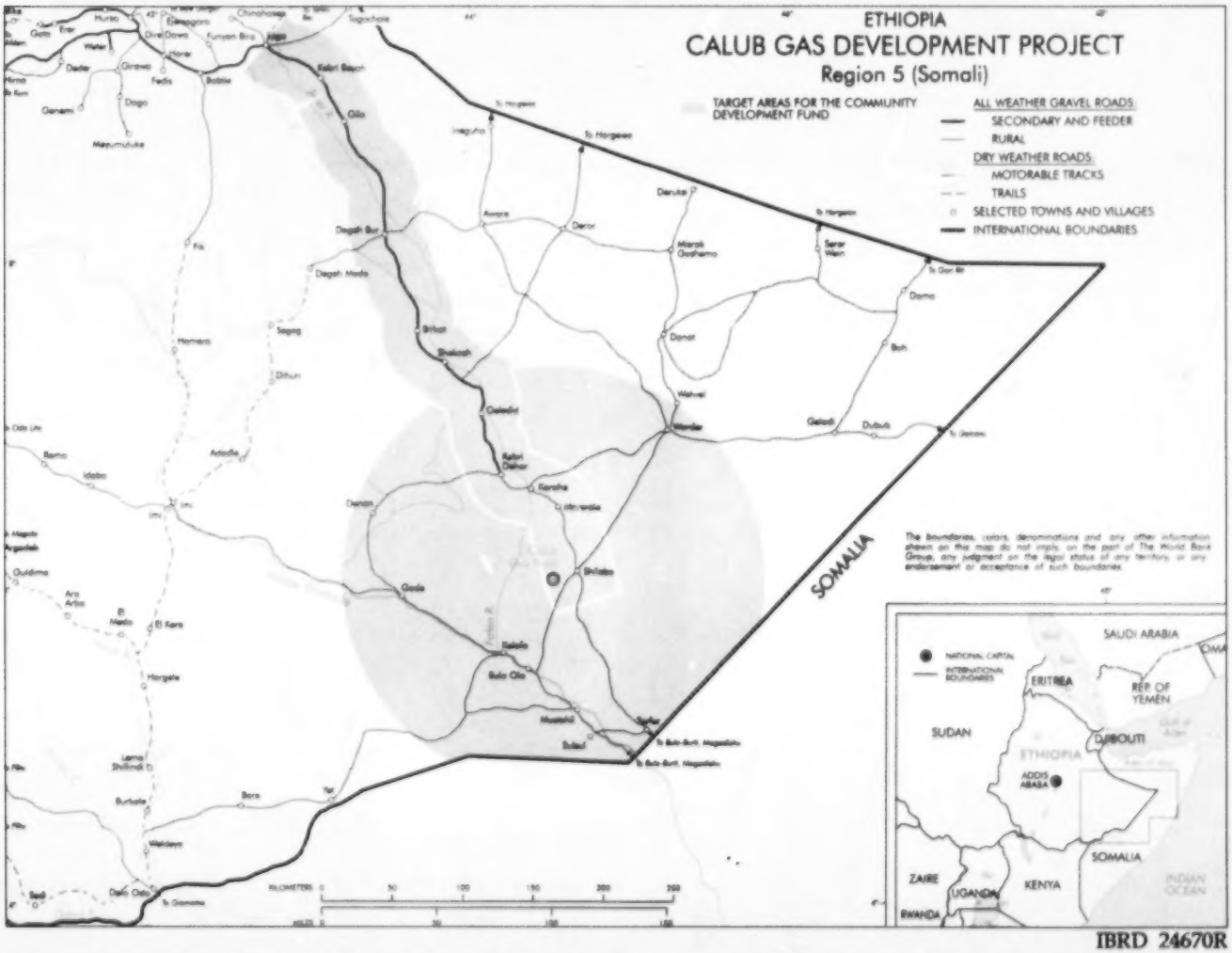
With help from a SDR 53.7 million credit ($74.3 million) from the International Development Association (IDA), Ethiopia will tap into rich natural gas and liquid petroleum reserves near the country's border with Somalia. New fuels from the project will help replace traditional fuels—primarily wood, but also crop remnants and animal dung—and provide the country with its first domestic source of the modern fuels needed for industrial development.

"Deforestation is an extremely serious environmental situation in Ethiopia," says Luciano Borin, an industrial economist in the Bank's Africa region. "The country is running out of forest cover."

The project will help a newly formed private Ethiopian company drill for gas products and set up a processing plant near Shilabo in Region Five, one of the least developed regions in the country. The first stage of the plan will recover the richest liquid fuels, including natural gasoline, while the remaining light gases are reinjected into the reservoir for later recovery. It's a sophisticated, but commercially proven, technique to minimize environmental risks and conserve gas.

The project also includes funding for a major rehabilitation of the road connecting the southwestern region to the markets farther north. The road is essential for transporting the new fuels, but will have a much broader impact on the region's economic development.

Residents will be able to draw from the project's community development fund, which will finance local "micro-projects" to spread direct benefits from the project to people living in the area. The fund will provide new wells, schools and health clinics, literacy programs for women, nutritional and AIDS prevention programs and loans and grants for new small enterprises. □



IBRD 24670R

Date	Event	Sponsor	Location	Telephone
APRIL				
5-9	Meeting of the Program on Environmental Information Systems	Advisory Committee of EIS	Harare, Zimbabwe	(202)473-4332
11-13	Annual Meeting of the Board of the Inter-American Development Bank	IDB	Guadalajara, Mexico	(202)623-3435*
12-14	Ministerial Meeting on Sustainable Settlement and Development of the Onchocerciasis Control Programme Area	World Bank	Paris	(33-1)4069-3016
19-20	Bangladesh Aid Group Meeting	World Bank	Paris	(33-1)4069-3016
21-22	Caribbean Group for Cooperation in Economic Develop.	World Bank	Paris	(33-1)4069-3016
23	G-24 Meeting of Deputies		Washington	(202)473-1784*
24	G-24 Meeting of Ministers		Washington	(202)473-1784*
25	Interim Committee		Washington	(202)473-1784*
26	Development Committee Spring Meeting		Washington	(202)473-1784*
28-29	Annual Bank Conference on Development Economics	World Bank	Washington	(202)473-1062*
MAY				
3-5	Annual Meeting of Board of Governors	Asian Development Bank	Nice, France	(63-2)711-3851
5-7	Mauritania Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
10-11	Peru Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
11-13	Annual Meeting of the African Development Bank and African Development Fund	African Development Bank/ African Development Fund	Nairobi, Kenya	(202)429-5160*

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

BURKINA FASO Burkina Faso tackles deficiencies in its healthcare network under a $39 million health and nutrition project, part of which is funded by a credit of SDR 21.2 million ($29.2 million) from the International Development Association (IDA). The funding will go for health training, new facilities, drugs and vitamins and special measures to control parasitic diseases.

KENYA Kenya plans to offer training in marketing, production, technology and other areas to thousands of small-scale merchants and craftspeople. The program is an effort to energize the informal sector of the economy, which is a crucial source of jobs for the growing population. The project, partially funded by an IDA credit of SDR 15.7 million ($21.8 million), will also provide secure workspaces and other infrastructure to the microenterprises.

PAKISTAN Pakistan's new Social Action Program is a comprehensive, broad-based effort to improve basic social services throughout the country. The long-term, $4 billion program, supported by an IDA credit of SDR 145 million ($200 million) approved March 10, takes an umbrella approach to identifying problems and initiating projects in education, health care, water and sanitation. The credit will also help Pakistan manage and monitor the vast effort.

ROMANIA A $175 million World Bank loan, approved April 5, will help Romania restructure its cumbersome oil and gas sector. The country seeks to promote greater private investment and more efficient energy use by upgrading facilities, introducing new technologies and streamlining regulations.

ROMANIA A separate Bank loan approved April 5 targets Romania's education system, which must be reformed to teach the skills, knowledge and values needed for a more democratic and market-oriented society. The $50 million loan will fund training in central administration and curriculum development as well as better textbooks and equipment.

World Bank/IMF Spring Meetings
April 20-26, 1994

The 1994 Spring Meetings of the World Bank and the International Monetary Fund will be held in Washington, D.C., April 20-26, 1994.

Sessions will include meetings of the IMF Interim Committee, the joint IMF-World Bank Development Committee, the Group of 24 Deputies, Group of 24 Ministers and Group of 10 Ministers.

Press registration begins Tuesday, April 19, at 9:00 a.m. For more information on schedules and press accreditation, journalists should contact Laura Roschke, (202) 473-1804, or Bill Brannigan, (202) 473-1784.

WORLD BANK NEWS

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The World Bank Group is the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). IBRD is the main lending arm of the World Bank. IDA is the World Bank affiliate that lends on concessional terms to the poorest countries. IFC finances private sector projects and advises businesses and governments on investment issues. MIGA promotes foreign direct investment through guarantees, policy advice, and promotional services.

WORLD BANK NEWS

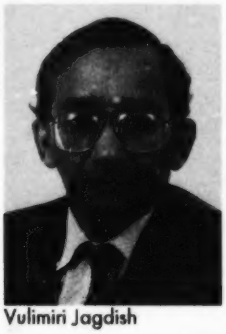
Volume XIII, No. 15 April 14, 1994

LENDING

Uganda Builds Education Firewall Against Spread Of AIDS

When a World Bank health mission travelled to villages in Uganda's Rakai District, they found many young children along with numerous elderly people. But the children's parents and other young adults were missing. They were dead, in great numbers, from AIDS.

HIV, the AIDS virus, has devastated this central district of Uganda on the shore of Lake Victoria, striking thousands of men and women of reproductive age and leaving behind an enormous hole in Rakai's population.



M. Iannacci

Vulimiri Jagdish

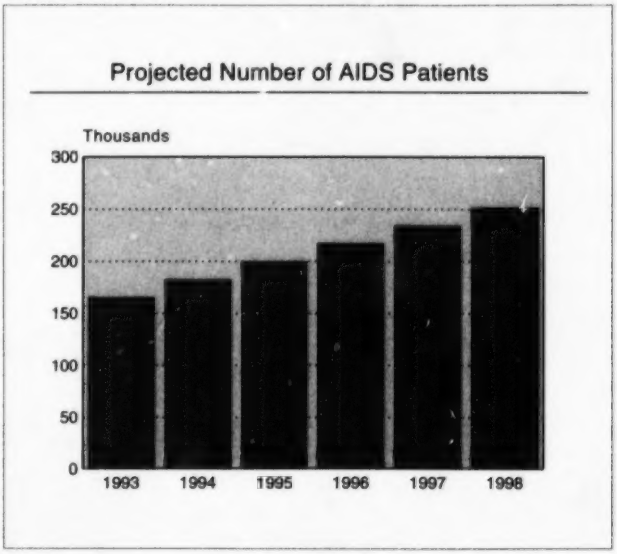
"Between ages 15 and 50 there's a big dent," says Jagdish, a physician and senior public health official in the Bank's East Africa region. "You see lots of elderly people, and then kids, but very few people in between of sexually active age. They're all dead from AIDS."

Rakai is an extreme case but not an isolated one. All of Uganda suffers from the wildfire spread of AIDS and other sexually transmitted diseases (STDs). An estimated 1.5 million Ugandans, about one in six adults are infected with HIV, and the number is climbing rapidly.

Now, with help from a credit of SDR 36.3 million ($50 million) approved April 12 by the International Development Association, Uganda is responding to the epidemic with new treatment programs for the sick and a massive campaign to educate other Ugandans about AIDS and other STDs. The campaign will use mass media, posters, plays, classes and discussion groups to teach people how to avoid infection.

In Uganda, as in most of Africa, AIDS spreads mainly through heterosexual contact and men and women are infected in roughly equal numbers. The drumbeat message of the campaign will be: unprotected sex, particularly with multiple partners, can lead to AIDS, and condoms offer the best protection except for abstinence and monogamy.

See AIDS, *page 2*



Inside find a seven-page SUPPLEMENT TO THE 1994 WORLD BANK/IMF SPRING MEETINGS in Washington, D.C., April 20-26. 3

The next decade holds the promise of faster economic growth for developing countries, according to new Bank projections. 2

A Bank study looks at ways to help people displaced by infrastructure development projects. 11

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Behavior Change is Vital to AIDS Prevention

AIDS, *from page 1*

Projects in Kenya and other African countries have demonstrated that condom use can be boasted dramatically by strong prevention messages. The Uganda program hopes for a 50-percent jump in condom use by sexually active adults, along with a 20-percent drop in the number of their sexual partners.

"People can change their behavior," says Jagdish. "So the project has a very strong emphasis on prevention, to educate people to protect themselves. This is absolutely critical to protect the health and well-being of younger Ugandans."

In the wake of the disease, Uganda's recent modest gains in education, life expectancy and infant mortality have been swept away. A new class of orphans has emerged and the already weak economy suffers even more as the most productive citizens, those of reproductive age, fall victim to the HIV virus.

The project's treatment component, which will deliver drugs and better health care to those already infected with STDs, is part of the prevention strategy as well. Patients suffering from other diseases are especially vulnerable to HIV, and treating their first infection may help protect them from AIDS.

The project also funds greater efforts to fight tuberculosis, which is making an epidemic comeback in Uganda at the expense of AIDS patients whose immune systems are too weak to fight the disease. TB is the leading cause of death among people with AIDS, and is spreading rapidly throughout the population.

"It's growing very, very fast," says Jagdish. "We don't want another epidemic disease on our hands right now." □

PUBLICATIONS

Economic Report is Bullish on Decade Ahead For Developing Countries

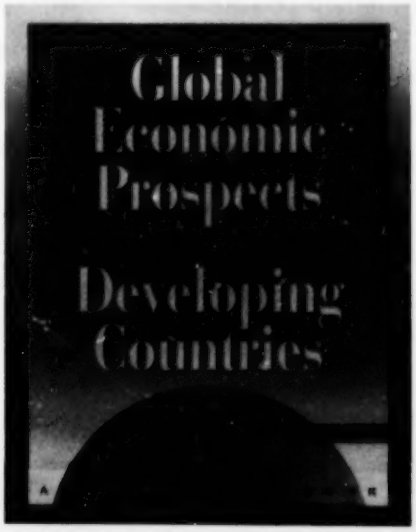
Economic growth in developing countries will shift into higher gear during the next decade if global economic conditions, including rising commodity prices, continue to improve, according to new World Bank projections.

Developing countries' economies could grow by an average of 4.8 percent a year over the next 10 years, according to Bank estimates, comfortably faster than their 3.5-percent rates of the 1980s. The forecasts are made in the Bank report, *Global Economic Prospects and the Developing Countries 1994*, published April 14.

The report says world commodity prices may have finally bottomed out and a slight recovery in real prices is possible to the year 2000. Commodity-based economies may be able to use the improved markets as a springboard to higher living standards. Several developing countries, including Botswana, Chile and Malaysia, have used agricultural exports as a base for successful growth.

Despite recession in the industrialized world, developing economies (excluding Eastern Europe and the former Soviet Union) began picking up speed in the last three years, posting rates above a two-decades average. The growth was fueled, then as now, by better economic policies, low real interest rates and a surge of private capital into developing countries (private investment in developing countries is up 150 percent in this decade compared with the 1980s). If those trends continue, commodity prices rise, and world trade expands after the signing of GATT, developing countries could expect even faster growth rates.

But the positive forecasts could be in jeopardy if industrial countries fail to remove barriers to growth and to maintain low interest and inflation rates, the report cautions.



"Accelerated economic growth in the developing countries depends critically on sound economic policies by these countries but it also hinges on a solid recovery and continued low inflation in the industrial countries," says Michael Bruno, the Bank's chief economist. "And the risk that such favorable conditions may not be realized are still considerable."

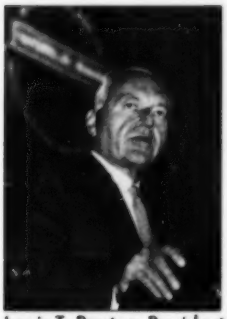
In any case, the gains in economic performance will be uneven across the developing world, the report says. While even some of the poorest countries, particularly those in Sub-Saharan Africa, might expect substantial increases in growth if policy reforms are enacted, they are un likely to outpace population growth and the number of people living in poverty will probably go on rising.

East Asia is expected to continue posting the fastest growth of all developing regions, a projected 7 percent annually. If current policy reforms are intensified in South Asia, that region should extend its recent improved performance of about 5 percent a year.

See **TRENDS**, *page 11*

The World Bank Group: An Introduction

The International Bank for Reconstruction and Development (IBRD), frequently called the "World Bank," was conceived in July 1944 at the United Nations Monetary and Financial Conference in Bretton Woods, New Hampshire, U.S.A. The World Bank opened for business on June 25, 1946.



Lewis T. Preston, President

The principle on which the Bank was founded was that many countries would be short of foreign exchange for reconstruction and development, but would be insufficiently creditworthy to meet all their needs by borrowing commercially. As an official multilateral institution whose share capital was owned by countries in proportion to their economic size, the Bank would be able to intermediate by borrowing on world markets and lending more cheaply than commercial banks. It would also be able to exercise sound judgment about which projects to help finance.

The goal of the World Bank is to promote economic development that benefits poor people in developing countries. The World Bank provides loans to developing countries to help reduce poverty and to finance investments that contribute to economic growth. Investments include roads, power plants, schools, and irrigation networks, as well as activities like agricultural extension services, training for teachers and nutrition-improvement programs for children and pregnant women. Some World Bank loans finance changes in the structure of countries' economies to make them more stable, efficient, and market-oriented. The World Bank also provides "technical assistance," or expert advice, to help governments make specific sectors of their economies more efficient and relevant to national development goals.

The first loans approved by the World Bank helped finance the reconstruction of the war-ravaged economies of Western Europe. Today, the World Bank lends to the developing countries of Africa, Asia, Latin America and the Caribbean, North Africa, the Middle East and Europe.

C. Carnemark

Family planning workers make their rounds in Tunisia.

The World Bank operates under the authority of a Board of Governors. Each of the World Bank's 177 member countries is represented by one governor, who is usually a ministerial-level government official. The Board of Governors delegates its authority to a smaller group of representatives, the Board of Executive Directors, which is based in Washington. The Board of Executive Directors is responsible for decisions on policies affecting the World Bank's operations and for the overall approval of all loans. The World Bank's president is the chairman of the Board of Executive Directors.

The World Bank has three affiliated institutions: the International Development Association (IDA), the International Finance Corporation (IFC) and the Multilateral Investment Guarantee Agency (MIGA). The headquarters of the World Bank and its affiliates are in Washington, D.C.

IBRD: The International Bank for Reconstruction and Development has 177 member countries as of March 1994.

The interest on World Bank loans to developing countries changes every six months. The current rate is 7.27 percent. Loans generally have a five-year grace period and must be repaid during periods ranging from 15 to 20 years. In fiscal 1993, which ended on June 30, 1993, the IBRD approved loans totaling $16.9 billion for 122 economic development projects and programs designed to restructure national economies in 44 countries. Some of the money that the IBRD lends to developing countries comes from contributions from the institution's member countries. But the majority comes from bonds issued in world financial markets.

See, WORLD BANK, page 4

The World Bank and Its Affiliates

WORLD BANK, *from page 3*

IDA: The International Development Association, established in 1960, has 155 member countries as of March 1994. The World Bank affiliate provides no-interest loans to the world's poorest countries. Only countries with annual per capita incomes of less than $1,305 can borrow from IDA. However, most of IDA's loans are provided to countries with annual per capita incomes of $805 or less. IDA loans, which are known as "credits," have a 10-year grace period and must be repaid in 35 or 40 years (according to the borrowing country's creditworthiness). In fiscal 1993, IDA approved credits totaling $6.8 billion for 110 development projects and economic restructuring programs in 45 countries. The money that IDA lends comes from contributions from wealthier nations, an occasional contribution from the profits made by the IBRD, and repayments of IDA credits. Although legally separate from the World Bank, IDA shares the World Bank's staff and facilities.

IFC: The International Finance Corporation, established in 1956, has 161 member countries as of March 1994. It promotes economic growth through the private sector. Unlike the IBRD, it lends without government guarantees. The IFC may also take equity positions in companies to which it lends, play the role of catalyst to other investors from the private sector, and work to develop capital markets in developing countries. In fiscal 1993, this World Bank affiliate approved financing of $2.1 billion for its own account in 185 projects and other activities carried out by the private sector.

MIGA: The Multilateral Investment Guarantee Agency, established in 1988, has 118 member countries as of March 1994. This affiliate promotes private investment in developing countries. It provides investment guarantees to protect investors from non-commercial risk. □

UNICEF/Maggie Murray-Lee

Mothers in Chad learn oral rehydration therapy, a simple, life-saving treatment for dysentery.

IDA and Development

The International Development Association (IDA), established in 1960, is the World Bank's concessional lending affiliate.

IDA's mandate has always been to channel assistance to low-income countries for development. Over the years, IDA has provided capital for investments in all sectors of economic activity. During the 1980s, greater emphasis was placed on economic and institutional reform and aid coordination. In the 1990s, IDA will sharpen its focus on reducing poverty and on increasing its effectiveness in this area.

The Poorest Countries

IDA was established in 1960 to help low-income countries which could not afford World Bank loans meet the foreign exchange costs of imports of goods such as industrial machinery, spare parts, fertilizers and pesticides which are essential for economic development.

While the objectives of promoting sustainable development and reducing poverty are constant in principle, the ways of reaching them may vary in practice. As the needs of developing countries have changed so has IDA lending. In the 1960s IDA financed mainly infrastructure projects. For example, IDA credits helped to finance irrigation and drainage projects in India and Pakistan where greater agricultural output was vitally needed to keep pace with growing populations. The Association also supported construction of highways and roads in Latin America, financed municipal water supply systems in cities such as Amman and Taipei, and helped build power plants and ports in other developing countries.

The poverty reduction strategy introduced in the 1970s expanded the range of investments by placing more emphasis on programs which more directly benefitted the poor. During this period, IDA greatly increased its support for agriculture, rural development and human resource development.

But low-income countries suffered particularly from the difficult economic conditions of the 1980s. They were buffeted by low commodity prices, slower growth in world trade, debt and high real interest rates, and a fall in per capita terms in official development assistance from industrial countries. Economic policy in many developing countries was also inadequate.

At the request of donors and recipients, IDA responded by becoming much more involved in economic policy change and institutional reform. Structural adjustment lending was introduced to help countries reorient their economic policies to those that would encourage more rapid economic growth.

The great majority of IDA credits are extended for specific investments, but today about one-quarter of IDA lending supports structural reform programs.

IDA's Evolving Role

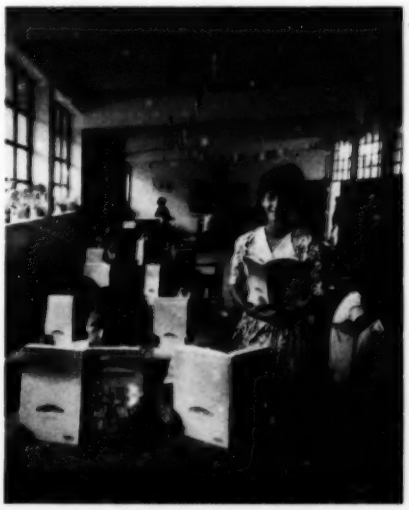
IDA has taken an active role in helping governments undertaking structural adjustment to protect and expand social and environmental programs. It supports rural development programs and projects which aim to increase agricultural productivity and ensure adequate food supplies. IDA also finances projects that give special attention to improving women's incomes and status in their communities. The Association has markedly increased its support for population, health and nutrition projects.

Environmental concerns have been integrated into all aspects of IDA's operations. The Association is helping borrowers develop their own Environmental Action Plans to identify the policy changes and investments that are required for environmentally sustainable development.

Two vital contributions that IDA makes to economic development in low-income countries are the funds it mobilizes in support of countries' development programs and the role it plays in coordinating the use of resources by borrowers.

IDA is the largest single source of multilateral concessional funds. Its annual net disbursements of around $4 billion are about 30 percent of net concessional multilateral disbursements, and 12 percent of Official Development Assistance. The Association also helps mobilize and coordinate aid from other multilateral organizations and donor countries.

IDA's involvement is often a catalyst for other bilateral aid donors and regional development banks to participate in providing assistance. On average, for every dollar IDA commits, 50 cents of cofinancing is mobilized. The Association can provide timely support for a country's adjustment effort.



IDB/Carlos Conde

In El Chipe, Ecuador, Cecibel Alaba teaches in a new primary school.

Growing Demand

The list of countries in need of IDA's resources continues to grow. Newly independent nations, particularly the former republics of the Soviet Union, are rapidly joining the multilateral financial system. A number of low-income countries have become eligible for IDA support, and most other low-income countries are continuing with, or embarking on, economic reform programs with support from IDA.□

Glossary of Major Groups

Group of Seven

The Group of Seven consists of the major industrial countries whose heads of state or government meet at economic summits. The members are Canada, France, Germany, Italy, Japan, United Kingdom and the United States.

Group of 10

Under the IMF's General Arrangements to Borrow, established in 1962, 10 industrial members of the IMF (Switzerland joined in the spring of 1984 but the Group retains its numerical designation) stand ready to lend their currencies to the IMF up to specified amounts when supplementary resources are needed. The group consists of finance ministers of Belgium, Canada, France, Germany, Italy, Japan, the Netherlands, Sweden, Switzerland, the U.K. and the United States.

Group of 24

A group of finance ministers from 24 developing country members of the Bank and Fund. The African, Asian, and Latin American and Caribbean country groupings in the Group of 77 (see below) choose eight representatives each to the G-24. Formed in 1972, the G-24 meets at regular intervals, usually in conjunction with Bank/IMF ministerial meetings, to determine the developing countries' positions for these meetings and related matters. The Group of 24 is the organ of the Group of 77 that formulates positions on developmental and monetary issues.

Group of 77

A grouping of developing countries, formed in 1967, whose numerical designation has persisted, although its membership has increased to 127 countries. The group functions as a caucus as well as the negotiating arm of the developing countries.

Development Committee

Formally, the "Joint Ministerial Committee of the Boards of Governors of the World Bank and the International Monetary Fund on the Transfer of Real Resources to Developing Countries." Established in October 1974, the Committee currently consists of 24 members, generally ministers of finance, appointed in turn for successive periods of two years by one of the countries or groups of countries that designates a member of the Bank's or IMF's Board of Executive Directors. The Committee is required to advise and report to the Boards of Governors of the Bank and the IMF on all aspects of the broad question of the transfer of real resources to developing countries.

Interim Committee

The Interim Committee, known formally as the "Interim Committee of the Boards of Governors on the International Monetary System," was established in October 1974 to advise the Board of Governors of the IMF on supervising the management and adaptation of the international monetary system as well as dealing with disturbances that might threaten the system. The Committee, whose members are governors of the IMF, Ministers, or others of comparable rank, reflects the composition of the Fund's Executive Board: each member country that appoints, and each group that elects, an Executive Director, appoints a member of the Committee, which has 24 members. □

For Questions About...	*Contact*	*Telephone**
General Institutional Issues	Tim Cullen, Chief Spokesman	473-1782
Debt, Trade, Economics Major Broadcasting News	Bill Brannigan	473-1784
Environmentally Sustainable Development, Agriculture, Transportation, Water, and Urban Development	Alan Drattell Leandro Coronel Lesley Simmons	473-1787 473-1788 473-1785
Fiftieth Anniversary	Marjorie Sheen	473-1789
Human Resources Development and Operations Policy	Ellen Tillier John Mitchell	473-1790 473-2475
Poverty	John Mitchell	473-2475
Private Sector Development, Industry and Energy	Eriko Ishikawa	473-1795
Africa	Eric Chinje	473-4467
East Asia and Pacific	Peter Stephens	458-0344
Europe and Central Asia	Peter Riddleberger Jan Pakulski	473-1786 473-1797
Brazil, Peru, Venezuela	Antonio Pimenta-Neves	473-8722
Other Latin American, Caribbean Countries	Ciro Gamarra	473-8721
Middle East and North Africa	Abdallah Bouhabib Jeannie Yamine	473-4784 473-2318
South Asia	Gautam Adhikari	458-1423
International Finance Corporation	Mark Constantine	473-9331
Multilateral Investment Guarantee Agency	Lutz Halfmann	473-9289

**All numbers are in area code 202 in the U.S.A.*

Member	% of Total Subscriptions	% of Voting Power
Afghanistan	.02	.04
Albania	.06	.07
Algeria	.66	.65
Angola	.19	.20
Antigua and Barbuda	.02	.04
Argentina	.71	.71
Armenia	.08	.10
Australia	1.54	1.51
Austria	.79	.78
Azerbaijan	.07	.08
Bahamas, The	.08	.09
Bahrain	.08	.09
Bangladesh	.34	.35
Barbados	.07	.08
Belarus	.13	.15
Belgium	2.06	2.01
Belize	.02	.04
Benin	.03	.05
Bhutan	.03	.05
Bolivia	.07	.09
Botswana	.04	.06
Brazil	1.77	1.74
Bulgaria	.37	.38
Burkina Faso	.03	.05
Burundi	.03	.05
Cambodia	.02	.03
Cameroon	.06	.08
Canada	3.18	3.10
Cape Verde	.04	.05
Central African Republic	.03	.05
Chad	.03	.05
Chile	.49	.49
China	3.18	3.10
Colombia	.45	.45
Comoros	.02	.04
Congo	.04	.05
Costa Rica	.02	.03
Cote d'Ivoire	.18	.19
Croatia	.09	.11
Cyprus	.10	.12
Czech Republic	.45	.45
Denmark	.73	.72
Djibouti	.02	.04
Dominica	.02	.04
Dominican Republic	.08	.10
Ecuador	.20	.21
Egypt, Arab Republic of	.51	.51
El Salvador	.01	.03
Equatorial Guinea	.03	.04
Estonia	.04	.05
Ethiopia	.07	.08
Fiji	.05	.07
Finland	.61	.61
France	4.93	4.80
Gabon	.04	.05
Gambia, The	.02	.04
Georgia	.11	.13
Germany	5.14	5.00
Ghana	.06	.08
Greece	.07	.08
Grenada	.04	.05
Guatemala	.08	.09
Guinea	.05	.07
Guinea-Bissau	.02	.04
Guyana	.08	.09
Haiti	.04	.06
Honduras	.03	.04
Hungary	.57	.57
Iceland	.09	.11
India	3.18	3.10
Indonesia	1.06	1.05
Iran, Islamic Republic of	1.58	1.65
Iraq	.20	.21
Ireland	.37	.38
Israel	.34	.34
Italy	3.18	3.10
Jamaica	.18	.19
Japan	6.66	6.48
Jordan	.10	.11
Kazakhstan	.12	.13
Kenya	.17	.19
Kiribati	.02	.04
Korea, Republic of	.67	.66
Kuwait	.94	.93
Kyrgyz Republic	.04	.06
Lao People's Dem. Rep.	.01	.02
Latvia	.06	.07
Lebanon	.02	.04
Lesotho	.03	.04
Liberia	.03	.05
Libya	.56	.56
Lithuania	.06	.08
Luxembourg	.12	.13
Macedonia FYR	.02	.03
Madagascar	.10	.12
Malawi	.08	.09
Malaysia	.59	.59
Maldives	.03	.05
Mali	.05	.06
Malta	.08	.09
Marshall Islands	.02	.04
Mauritania	.04	.05
Mauritius	.09	.10
Mexico	1.34	1.31
Micronesia	.03	.05
Moldova	.10	.11
Mongolia	.03	.05
Morocco	.20	.21
Mozambique	.04	.05
Myanmar	.18	.18
Namibia	.06	.08
Nepal	.07	.08
Netherlands	2.52	2.46
New Zealand	.51	.52
Nicaragua	.04	.06
Niger	.03	.05
Nigeria	.50	.51
Norway	.71	.70
Oman	.11	.13
Pakistan	.66	.66
Panama	.02	.03
Papua New Guinea	.05	.07
Paraguay	.05	.06
Peru	.21	.22
Philippines	.49	.49
Poland	.78	.77
Portugal	.39	.39
Qatar	.08	.09
Romania	.29	.29
Russian Federation	1.79	1.75
Rwanda	.04	.05
St. Kitts and Nevis	.02	.04
St. Lucia	.04	.06
St. Vincent	.02	.04
Sao Tome and Principe	.02	.04
Saudi Arabia	3.18	3.10
Senegal	.08	.10
Seychelles	.02	.04
Sierra Leone	.03	.04
Singapore	.02	.04
Slovak Republic	.13	.14
Slovenia	.09	.10
Solomon Islands	.02	.04
Somalia	.04	.06
South Africa	.96	.94
Spain	1.68	1.65
Sri Lanka	.27	.28
Sudan	.06	.09
Suriname	.03	.09
Swaziland	.03	.05
Sweden	1.06	1.05
Switzerland	1.89	1.85
Syrian Arab Republic	.09	.10
Tajikistan	.08	.09
Tanzania	.05	.07
Thailand	.45	.45
Togo	.04	.06
Tonga	.02	.04
Trinidad and Tobago	.11	.12
Tunisia	.05	.07
Turkey	.52	.53
Turkmenistan	.04	.05
Uganda	.04	.06
Ukraine	.78	.77
United Arab Emirates	.17	.18
United Kingdom	4.93	4.80
United States	17.55	17.03
Uruguay	.11	.13
Uzbekistan	.10	.11
Vanuatu	.04	.06
Venezuela	.81	.80
Viet Nam	.04	.05
Western Samoa	.02	.04
Yemen, Republic of	.09	.10
Zaire	.19	.20
Zambia	.11	.13
Zimbabwe	.24	.25
Total	100.00	100.00

Country	Per Capita GNP (US$)	Population Growth (annual %)	Population (thousands)
Afghanistan	—	2.97	21,603
Albania	—	1.29	3,344
Algeria	1,990	2.71	26,375
Angola	–	2.82	9,728
Antigua and Barbuda	4,720	1.19	81
Argentina	6,050	1.16	33,092
Armenia	780	1.74	3,477
Australia	17,070	1.42	17,538
Austria	22,110	0.5	7,862
Azerbaijan	870	1.53	7,230
Bahamas, The	12,020	1.79	264
Bahrain	—	2.61	529
Bangladesh	220	1.98	112,750
Barbados	6,530	0.38	259
Belarus	2,910	0.18	10,335
Belgium	20,880	0.31	10,035
Belize	2,220	2.72	199
Benin	410	2.87	5,026
Bermuda	—	-16.63	52
Bhutan	170	2.33	1,498
Bolivia	680	2.45	7,527
Botswana	2,790	2.92	1,358
Brazil	2,770	1.6	153,848
Brunei	—	2.63	272
Bulgaria	1,330	-0.19	8,958
Burkina Faso	290	2.91	9,542
Burundi	210	2.88	5,816
Cambodia	—	2.52	9,011
Cameroon	820	3.02	12,239
Canada	20,320	0.6	27,463
Cape Verde	850	2.35	389
Central African Republic	410	2.47	3,162
Chad	220	2.57	5,976
Chile	2,730	1.56	13,595
China	380	1.52	1,166,996
Colombia	1,290	1.72	33,405
Comoros	510	3.56	510
Congo	1,030	3.38	2,429
Costa Rica	2,000	2.29	3,134
Cote d'Ivoire	670	3.32	12,770
Croatia	—	0.09	4,773
Cuba	—	0.87	10,829
Cyprus	9,820	1.07	718
Czech Republic	2,440	0	10,310
Denmark	25,930	0.21	5,165
Djibouti	—	5.44	465
Dominica	2,520	0.35	72
Dominican Republic	1,040	1.71	7,320
Ecuador	1,070	2.2	11,019
Egypt, Arab Republic of	630	2.24	54,805
El Salvador	1,170	2.03	5,385
Equatorial Guinea	330	2.26	437
Estonia	2,750	0	1,562
Ethiopia	110	2.6	54,162
Fiji	2,010	1.13	749
Finland	23,980	0.35	5,046
France	22,300	0.44	57,298
French Guiana	—	0	96
French Polynesia	—	2.73	208
Gabon	4,450	2.83	1,201
Gambia, The	390	2.97	929
Georgia	850	0.3	5,494
Germany	26,030	0.05	80,165
Ghana	450	3.26	15,836
Greece	7,180	-0.05	10,324
Grenada	2,310	0	91
Guadeloupe	—	1.24	400
Guatemala	980	2.95	9,746
Guinea	510	2.83	6,046
Guinea-Bissau	210	1.99	1,021
Guyana	330	0.68	807
Haiti	—	1.83	6,714
Honduras	580	3.02	5,418
Hong Kong	15,380	0.95	5,809
Hungary	3,010	-0.45	10,298
Iceland	23,670	1.14	261
India	310	1.9	882,949
Indonesia	670	1.51	184,041
Iran, Islamic Republic of	2,190	3.45	59,720
Iraq	—	3.32	19,194
Ireland	12,100	0.21	3,529
Israel	13,230	4.59	5,173
Italy	20,510	0.08	57,809
Jamaica	1,340	0.67	2,392
Japan	28,220	0.31	124,304
Jordan	1,120	4.47	3,828
Kazakhstan	1,680	0.71	16,964
Kenya	330	3.53	25,889
Kiribati	700	1.99	74
Korea, Democratic Rep. of	—	1.87	22,605
Korea, Republic of	6,790	0.88	43,648
Kuwait	—	2.16	1,491
Kyrgyzstan	810	1.28	4,510

Country	Per Capita GNP (US$)	Population Growth (annual %)	Population (thousands)
Lao PDR	250	2.88	4,384
Latvia	1,930	-0.07	2,639
Lebanon	—	1.94	3,780
Lesotho	590	2.43	1,857
Liberia	—	3.02	2,719
Libya	—	3.55	4,873
Lithuania	1,310	0.13	3,746
Luxembourg	35,260	1.02	389
Macao	—	1.54	483
Madagascar	230	2.75	12,363
Malawi	210	3.12	9,071
Malaysia	2,790	2.4	18,614
Maldives	500	3.23	228
Mali	300	2.95	8,964
Malta	—	0.83	360
Martinique	—	0.88	366
Mauritania	530	2.87	2,083
Mauritius	2,740	1.06	1,099
Mexico	3,470	2.08	85,041
Micronesia	—	5.88	108
Moldova	1,260	-0.07	4,360
Mongolia	—	2.64	2,309
Morocco	1,040	2.3	26,259
Mozambique	60	2.75	16,572
Myanmar	—	2.26	43,725
Namibia	1,610	3.31	1,531
Nepal	170	2.49	19,884
Netherlands	20,590	1.47	15,287
New Caledonia	—	1.57	174
New Zealand	12,060	0.76	3,432
Nicaragua	410	3.22	3,916
Niger	300	3.44	8,183
Nigeria	320	2.93	101,884
Norway	25,800	0.42	4,280
Oman	6,490	4.02	1,647
Pakistan	410	2.91	119,216
Panama	2,440	1.91	2,513
Papua New Guinea	950	2.32	4,056
Paraguay	1,340	2.72	4,517
Peru	950	1.92	22,367
Philippines	770	1.93	64,083
Poland	1,960	0.31	38,364
Portugal	7,450	0	9,852
Puerto Rico	6,610	1.05	3,588
Qatar	16,240	3.52	524
Reunion	—	1.5	611
Romania	1,090	0.28	23,039
Russian Federation	2,680	-0.07	148,594
Rwanda	250	2.09	7,274
St. Kitts and Nevis	3,990	-1.55	39
St. Lucia	2,900	1.97	156
St. Vincent	1,990	0.91	109
Sao Tome and Principe	370	2.84	121
Saudi Arabia	7,940	3.44	15,909
Senegal	780	2.73	7,833
Seychelles	5,480	0.86	69
Sierra Leone	170	2.62	4,354
Singapore	15,750	1.59	2,807
Slovak Rep.	1,920	0.44	5,300
Slovenia	6,330	0.51	2,012
Solomon Islands	710	3.23	335
Somalia	—	3.14	8,304
South Africa	2,670	2.27	39,741
Spain	14,020	0.08	39,055
Sri Lanka	540	1.27	17,408
Sudan	—	2.99	26,608
Suriname	3,700	2.32	468
Swaziland	1,080	3.63	858
Sweden	26,780	0.76	8,701
Switzerland	36,230	0.93	6,854
Syrian Arab Republic	—	3.32	12,946
Tajikistan	480	3.15	5,637
Tanzania	110	3.1	25,981
Thailand	1,840	1.42	57,961
Togo	400	3.09	3,890
Tonga	1,350	0.99	101
Trinidad and Tobago	3,950	1.02	1,266
Tunisia	1,740	2.02	8,403
Turkey	1,950	2.01	58,478
Turkmenistan	1,270	2.63	3,857
Uganda	170	3.3	17,456
Ukraine	1,670	-0.09	51,986
United Arab Emirates	22,220	2.37	1,668
United Kingdom	17,760	0.2	57,676
United States	23,120	0.96	255,109
Uruguay	3,340	0.64	3,132
Uzbekistan	860	2.43	21,393
Vanuatu	1,220	2.86	155
Venezuela	2,900	2.64	20,310
Viet Nam	—	2.33	69,256
Western Samoa	940	0.62	162
Yemen, Republic of	—	3.9	13,033
Zaire	—	2.99	39,787
Zambia	290	3.07	8,575
Zimbabwe	570	2.64	10,345

Date	Event	Sponsor	Location	Telephone
APRIL				
19-20	Bangladesh Aid Group Meeting	World Bank	Paris	(33-1)4069-3016
21-22	Caribbean Group for Cooperation in Economic Develop.	World Bank	Paris	(33-1)4069-3016
23	G-24 Meeting of Deputies		Washington	(202)473-1784*
24	G-24 Meeting of Ministers		Washington	(202)473-1784*
25	Interim Committee		Washington	(202)473-1784*
26	Development Committee Spring Meeting		Washington	(202)473-1784*
28-29	Annual Bank Conference on Development Economics	World Bank	Washington	(202)473-1062*
MAY				
3-5	Annual Meeting of Board of Governors	Asian Development Bank	Nice, France	(63-2)711-3851
5-7	Mauritania Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
10-11	Peru Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
11-13	Annual Meeting of the African Development Bank and African Development Fund	African Development Bank/ African Development Fund	Nairobi, Kenya	(202)429-5160*
18	Lithuania Public Investment Meeting	World Bank	Paris	(33-1)4069-3016
19	Latvia Public Investment Meeting	World Bank	Paris	(33-1)4069-3016
20	Estonia Public Investment Meeting	World Bank	Paris	(33-1)4069-3016
26-27	Uganda Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

SPECIAL REPORT

People-Centered Policy Key to Stronger Bank Actions on Resettlement

Resettlement of millions of people involuntarily displaced each year by the infrastructure projects vital to reducing poverty is one of the most difficult issues in development. But a recent World Bank report sets out how displaced people can recover and even improve their living conditions and how to ensure that the implementation of Bank-financed projects is consistent with Bank resettlement policy.

Michael Cernea

The report, *Resettlement and Development* argues that resettlement is an unavoidable part of development. Over the past decade, about 80 to 90 million people have been resettled in developing countries to make way for dams, urban and transport infrastructure. The critical need, therefore, is that a people-centered approach to resettlement replace a property-centered approach.

Presenting the report, Ismail Serageldin, the Bank's vice president for Environmentally Sustainable Development, said: "When governments adopt a people-centered approach as distinct from a property-centered approach we have a sustainable policy."

The World Bank's share of projects which displace people is small. Each year, for example, work starts on some 300 big dams in developing countries and displaces around 4 million people. But only 2 to 3 percent of these dams are funded by the Bank, and they cause about 3 percent of the total displacements. Bank projects in all sectors are expected to entail relocating about 2 million people over 10 years.

Since 1980 the core of Bank policy on resettlement has been that people involuntarily resettled should improve, or at least restore, their former living standards and earning capacity. This policy has commanded wide international support. But the report acknowledges that policy and implementation of Bank projects have not always been consistent, even though last year all relevant Bank-financed projects met the policy.

The report therefore details how to ensure the implementation of a people-centered approach to resettlement in future. Michael Cernea, the senior advisor for sociology and social policy in the Bank's Environment Department who led the report team, said: "The task force was mandated to assess the consistency between resettlement operations and Bank policy. But the review of many projects in the field moved from simply assessing consistency to enhancing it."

Among the review's key recommendations are: where moving people is unavoidable, the first objective should be to minimize resettlement; this may require more innovative project design; the Bank will work closely with borrowing countries to strengthen their institutional capacity and build political ownership of projects involving resettlement; and the Bank will nurture participation in such projects by affected people and consult with them.

The Bank has already started discussing with borrowers what retroactive steps can be taken with projects which have unfulfilled or inadequate resettlement plans. "We need to share our findings and vision with governments," Serageldin said.

These recommendations were based on extensive field research into Bank and other projects. "It is the first time the World Bank has carried out such a massive review of its portfolio on the ground," Cernea said. "This is a frank analysis of the strengths and weaknesses of the portfolio and redresses them in practical and candid ways," he added. The Bank sent out more supervision and technical assistance missions in 1993 than in the previous three years together.

The report also specifies important actions the Bank will take to improve its handling of resettlement. The Bank is prepared to increase its share of financing resettlement in new projects. When financing of ongoing projects is insufficient, the Bank will consider supplementary financing. Stand-alone resettlement projects will be considered for infrastructure projects causing heavy displacements. In some cases, a rural or urban development project will immediately follow a project which displaces people.

Internally, the Bank will improve project processing so that resettlement operations will be higher quality from the beginning, and analytical and staff capacity will be increased to tackle resettlement and other social dimensions of development projects.□

Economic Outlook Varies by Region

TRENDS, *from page 2*

In Latin America, economic reforms plus continued capital inflows should boast annual growth to 3 percent or above. The economies of the Middle East and North Africa could pick up to 3 or 4 percent a year, providing reform efforts take hold and political tensions abate.

Prospects remain highly uncertain for developing countries in Europe and Central Asia. Performance there will hinge largely on the speed and direction of reform plans in several of the countries. The report projects that even under the best conditions, output will falling in the short term. But growth as high as 4 or 5 percent is possible by the second half of the decade.

Journalists can get free review copies of the report by writing on company letterhead to World Bank, Office of the Publisher, Marketing Unit, Rm. T-8054, Washington, D.C. 20433. Fax: (202)676-0579.□

BENIN Benin will use a credit of SDR 7.1 million ($9.7 million) approved April 12 by the International Development Association (IDA), as part of a far reaching project to improve its overall food production and distribution capability. The "food security" effort will include small-scale agricultural projects, nutritional programs and assistance to food-related agencies.

THE GAMBIA An IDA credit of SDR 1.9 million ($2.6 million) approved April 12 will help The Gambia strengthen its main environmental agency. The project will provide equipment, training and technical support for the agency to monitor and regulate the country's environment as social and economic development continues.

INDONESIA Surybaya, capital of East Java, is a rapidly growing city suffering from the urban ills of pollution, poor infrastructure and overburdened services. Indonesia, with help from a $175 million World Bank loan approved April 12, will launch a program to improve roads, sanitation systems, water works and other basic services in the city.

KAZAKHSTAN Kazakhstan citizens depend on public transportation for most of their urban transport, but lack of funding has driven the bus and trolleybus systems into decay. A $40 million World Bank loan, approved April 7, will partially fund a major upgrade and expansion of the fleet and other improvements to the system.

MOZAMBIQUE An IDA credit of SDR 136 million ($188 million) approved April 7 will fund part of a massive effort by Mozambique to restore and expand its road systems, including backlogged maintenance on almost 12,000 km of mainly unpaved roads. The project targets bridges, roads and road agencies throughout the country.

NEPAL As part of Nepal's effort to slow population growth and help reduce infant and maternal mortality, an IDA credit of SDR 19.4 million ($26.7 million), approved April 12, will help the country's plan to increase contraceptive use. The project will provide supplies, clinics and a corps of outreach workers to counsel women across the country.

TANZANIA An IDA credit of SDR 123 million ($170 million) will help Tanzania carry out a major rehabilitation of its transportation system. The project will upgrade thousands of kilometers of roads, strengthen public works agencies and improve transport for rural communities. The runway at Kilimanjaro International Airport will also receive much-needed maintenance.

WORLD BANK NEWS

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WORLD BANK NEWS

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LENDING

China's Xiaolangdi Project Caps Centuries Of Flood Control Efforts on Yellow River

The fertile floodplain of the Yellow River has been the seat of many great dynasties and is regarded by the Chinese as the cradle of their civilization. But along with prosperity, the powerful river has brought suffering—in the form of flood, famine and drought—to people living near it.

Since the beginning of recorded time, the Chinese have fought flooding in the basin. Since 1938 alone, as many as 900,000 people have been killed as the river periodically overwhelmed its ancient dikes. Flooding regularly uproots about 3 million of the poorest Chinese, threatening their lives and property along with hundreds of billions of dollars of infrastructure in the area. A great flood like the one that swamped the basin in 1845 could kill one million people today.

Now, in a project that builds on four decades of planning and more than 2,000 years of river study, the Chinese government will embark on a effort to control flooding on the lower reaches of the Yellow River and protect more than 100 million people living there. A World Bank loan of $460 million, approved April 14, will help finance the centerpiece of the $2.3-billion plan, a 154-meter-high rockfill dam at Xiaolangdi. And to improve the livelihoods of 181,000 people who will have to move because of the project, a separate $110-million credit from the International Development Association will fund part of a half-billion dollar resettlement program (see sidebar, page 2).

Y. Hodar

Only the water they need: farmers will enjoy flood protection and reliable irrigation.

"The dam will protect about 103 million people and billions of dollars in housing, roads, factories and power plants from the very real possibility of catastrophic floods," says Daniel Gunaratnam, task manager for the project. "It will also reduce sediment flow and deposits downstream, stabilizing the flow of the river, and helping keep it from breaking through its dikes."

In addition to long-needed flood protection, the project will bring other benefits to the region. A power station in the dam will eventually generate almost 5,400 gigawatts an hour, a clean-air contribution toward China's growing energy demands that are now met heavily by coal-

See **CHINA**, *page 2*

Streamlining Mozambique's banking sector will help to fuel the country's recovering economy. **2**

1994 Spring Meeting Calendar of Events. **3**

A new Bank policy paper points the way to increasing the role of women in development. **4**

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GATT speech, page 6

Lending roundup, page 6

Dam Project Will Boost Agriculture, Provide Power

CHINA, *from page 1*

burning plants. The project will improve water supplies for cities and towns downriver, and farmers in the area will for the first time enjoy a stable supply of irrigation water on more than 2 million hectares of land. The plan will bring new crop land into production and boost output on existing farms.

"This irrigation will increase wheat, corn and cotton yields by more than 8 percent across the region," says Gunaratnam.

The Yellow River has vexed Chinese engineers for so long in part because its waters are the most silt-laden in the world. This silt settles in the lower reaches and raises the riverbed ever further above the surrounding land, causing periodic flooding. Dikes, elevated continuously over the years at great cost, are now stretching the limits of their old foundations and people living outside them are at risk. The new dam is located and designed to control silt flows downriver without clogging its own reservoir.□

Separate Project To Ease Xiaolangdi Resettlement

Any plan to ease the threat of deadly flooding along the densely populated Yellow River will involve the resettlement of some of the people living there. But the Xiaolangdi design was selected in part because it will require the fewest residents to move, about 181,000 over the next 18 years.

To ensure that those people can expect to keep or improve their livelihoods in their new homes, the Bank and the Chinese government have instituted a range of programs under a separate $571-million resettlement project. Resettled families, and the communities that host them, will benefit from the project's housing and infrastructure programs and from commercial, agricultural and industrial development plans. The project is funded in part by a credit of SDR 79.9 million ($110 million) from the International Development Association.

The plan marks the first time a Bank project has included a parallel, stand-alone project for the sole purpose of settling affected people in new areas.

"It reflects the Bank's and China's awareness of the difficulties involved in moving people from one place to another and underscores their commitment to meeting this challenge," says Joseph Goldberg, chief of agricultural operations in the Bank's China region. "Resettlement is sometimes seen as an unfortunate consequence of development, but if done properly—as it's laid out in this instance—it offers a unique opportunity to accelerate development and actually improve people's standards of living."

Extensive planning, which involved the participation of affected people, aims to guarantee that families and their property are safely moved, generally to a resettlement site of their choosing. Compensation for people's original property will be based on joint assessments between homeowners and the resettlement office. And the Bank's agreement with China includes specific protections for people and a public system to resolve disputes.

Village services and amenities will be as good as, or better than, in people's previous communities. Resettlement areas will get new roads, electricity lines, water facilities and other infrastructure. Employment opportunities will increase. About 11,000 hectares of land will be developed for farming, creating more than 37,000 full-time farm jobs. And there will be new, higher-income job opportunities off the farm. The project provides for expert selection, financing and construction of at least 84 new plants and mines and the rebuilding of 252 old ones.

"All efforts—by both the Chinese Government and the Bank—are being made so the Xiaolangdi resettlement project will adhere to the highest possible standard," Goldberg says.

Mozambique Tackles Bank Reform

Mozambique, plagued for decades by civil war and plummeting standards of living, has begun to reverse its political fortunes and stands ready to use abundant natural resources to fuel an economic revival. But it will need better banks to do it.

Multiparty elections are planned this year, growth is up and Mozambique is generally enjoying its brightest prospects in years. But the banking system, critical for businesses to flourish, remains mired in the moribund ways of the past. A simple deposit can take hours and bankers, trained under heavy centralization, are only beginning to learn about the financial mechanics of the free market.

The government has already launched important structural bank reforms. Now a new project, partly funded by a credit of SDR 6.6 million ($9 million) from the International Development Association, will take the next crucial step to develop better banks: better training for the men and women who run them. Under the program, managers, supervisors and accountants will learn modern banking practices and how to play their vital role as the country capitalizes on long-awaited peace and elections.

"We'll have a legitimate government in place and peace," says Simon Bell, senior financial economist in the Bank's Southern Africa region. "This economy

See MOZAMBIQUE, *page 4*

1994 Spring Meetings of the IMF and World Bank
Washington,DC
April 20-25

Schedule of Events

Tuesday, April 19

9 a.m.	Press Registration Opens	
	Press Room Opens	

Wednesday, April 20

11 a.m.	*PRESS CONFERENCE* Michael Mussa, Economic Counsellor and Director, IMF Research Department on the 1994 *World Economic Outlook*	IMF Meeting Hall

Thursday, April 21

9 a.m.	*PRESS CONFERENCE* Michael Camdessus, Managing Director, IMF	IMF Meeting Hall

Saturday, April 23

9 a.m.	Group of 24 Deputies Chairman: Antoineta de Bonilla, Guatemala	IMF Meeting Hall

Sunday, April 24

9 a.m.	Group of 24 Ministers Chairman: Willy Zapata, Guatemala	IMF Meeting Hall
TBA	*PRESS CONFERENCE* Chairman, Group of 24 Ministers	IMF Meeting Hall

Monday, April 25

7:30 a.m.	Group of 10 Ministers Chairman: Edmond Alphandery, France	IMF Board Room
9 a.m.	Interim Committee Chairman: Philippe Maystadt, Belgium	IMF Meeting Hall
TBA	*PRESS CONFERENCE* Chairman, Interim Committee Managing Director, IMF	H Building Auditorium

Tuesday, April 26

9 a.m.	Development Committee Chairman: Rudolf Hommes, Colombia	IMF Meeting Hall
TBA	*PRESS CONFERENCE* Chairman, Development Committee President, World Bank Managing Director, IMF	IMF Meeting Hall
	Press Reception after Press Conference	IMF Atrium

Bank Policy Targets Women in Development

Development depends heavily on women, whether they are farmers, entrepreneurs or caring for their families. To enhance women's participation in economic development, a new World Bank policy will for the first time integrate gender issues into the mainstream of the Bank's strategy to alleviate poverty

Gender concerns are not new to the Bank, but they have not been addressed systematically in Bank operations, says Minh Chau Nguyen, manager of the Bank's Gender Analysis and Policy Group and co-author of a new policy report on women and economic development. The new policy set out in the report calls for attention to gender issues in the Bank's assistance strategies for all countries, including the design and implementation of lending programs.

The report, *Enhancing Women's Participation in Economic Development*, was adopted by the Board April 14. The report's co-author, Kalanidhi Subbarao, a development economist in the Bank, says the work, which is based on three years of research, was a matter of reaching agreement among people without "diluting the message."

Subbarao hopes carrying out the paper's recommendations will take center stage in the Bank's work.

"I strongly believe that by improving gender parity we are not doing women a favor," he says, "but instead maximizing the development payoffs by taking advantage of the untapped potential of women in the developing world."

Key messages in the report are:

- investing in women—particularly in education, health, wage labor, agriculture, enterprise development and financial services such as credit—will lower barriers to woman's participation and help to promote growth, efficiency, environmental protection and poverty reduction.
- gender inequities in education, health, employment and poverty are morally indefensible.
- the gender issue is a vital part of development strategy as well as a matter of social justice.
- the Bank is ready to open a dialogue with governments about policy changes needed to improve gender equity.

The Bank will assist governments to develop gender sensitive policies and programs. It is committed to helping governments modify laws and regulations that will make programs effective and equally beneficial to women and men.

The report says that in some parts of the developing world, women today produce half the food, bear most of the responsibility for household food security and make up a quarter of the work force in industry and a third in services.

Still, there are many barriers for women. The gender gap, the report says, remains substantial in many countries, and world-wide progress in social and economic development during the last three decades has not resulted in proportional gains for women.

Women's productivity remains low compared with men's because of more limited access to education. Empowering women will contribute to a more environmentally sustainable development, and it will produce significant social gains by lowering fertility, improving nutrition and reducing infant, child, and maternal mortality.

Although the Bank can capitalize on its analytical skills to advance knowledge of gender issues, the report points out the Bank is only one of many contributors to advancing women's status and participation in economic development. It is important for the Bank to collaborate with NGOs, academics and other donors with experience in gender issues. □

Participating in development.

Modernizing Banks in Mozambique

MOZAMBIQUE, *from page 2*

is poised to take off. But you've got to have financial institutions that can mobilize savings to finance development."

Mozambique is the poorest country in the world in terms of per capita income, Bell says. The country's history since independence has been marked largely by economic stagnation and decline, the result of bad economic policies, civil war and drought. But it wasn't always so, and the 1992 peace accord holds promise for the reawakening of Mozambique's potential.

Rural populations are returning just as key agricultural prices are improving; tourism, once a major earner, should flourish in the peace; the country's ports make it an attractive transport corridor for several inland neighbors; and coal and gas reserves along with cheap hydropower make Mozambique a potential energy exporter.

Banks must help, not hinder, this economic renaissance. Now that the government has split the functions of the official central bank from the previously nationalized commercial banks, the project includes four main components:

- training for central bank staff in key areas of macro economic policy making, banking regulation, foreign exchange control and accounting.
- training for commercial bank staff in credit analysis, project appraisal, trade finance and management.
- legal training for central bank and Ministry of Finance staff on developing the best legislative environment for the financial sector.
- long-term expert help to help oversee continuing reforms and to build up local planning and research ability. □

Date	Event	Sponsor	Location	Telephone
APRIL				
23	G-24 Meeting of Deputies		Washington	(202)473-1784*
24	G-24 Meeting of Ministers		Washington	(202)473-1784*
25	Interim Committee		Washington	(202)473-1784*
26	Development Committee Spring Meeting		Washington	(202)473-1784*
28-29	Annual Bank Conference on Development Economics	World Bank	Washington	(202)473-1062*
MAY				
3-5	Annual Meeting of Board of Governors	Asian Development Bank	Nice, France	(63-2)711-3851
5-7	Mauritania Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
9-11	Middle East/North Africa Council of Advisors	World Bank	Tunis	(202)473-2318*
10-11	Peru Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
11-13	Annual Meeting of the African Development Bank and African Development Fund	African Development Bank/ African Development Fund	Nairobi, Kenya	(202)429-5160*
17	Jordon Consultative Group	World Bank	Paris	(33-1)4069-3016
18	Lithuania Public Investment Meeting	World Bank	Paris	(33-1)4069-3016
19	Latvia Public Investment Meeting	World Bank	Paris	(33-1)4069-3016
20	Estonia Public Investment Meeting	World Bank	Paris	(33-1)4069-3016

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

EVENTS

Free Press Essential to Reform in Russia

Political and economic reforms in Russia and the press freedom essential to them are passing through difficult times, Gennadiy Gerasimov, the former spokesman for the USSR foreign affairs ministry, warned this week.

Gerasimov spoke at a three-day World Bank seminar for journalists at the Wye Woods Center in Maryland. Bank officials and outside experts briefed reporters on development issues, including free trade, economic adjustment in Eastern Europe and Africa and Privatization.

"Without glasnost (openness) we wouldn't have had change in politics, in the international order," Gerasimov said. In the old days, the press had been regarded simply as a transmission belt from the Communist Party of the Soviet Union to the masses. After glasnost, however, "the government press became a gadfly, not just a transmission belt."

But now the press, and by extension reform, were under threat. Public disenchantment with reform was reflected in falling circulations. Inflation, uncertain market conditions and arbitrary government subsidies had undercut many publications' finances. "Today, nearly all our publications are in the red," he joked.

Gerasimov continued: "Articles may be bought. Today in Russia there's a struggle for power. The wealth of our nation accumulated over 70 years of socialism is up for grabs. If it weren't for the mass media's support for reform we wouldn't be here. But today it's an instrument of this power struggle."

He said that the flow of capital out of Russia and the inflation which had wiped out the middle class were undermining reform. "We must stop the flow of capital out of Russia."

Klas Bergman

Gennadiy Gerasimov

"We don't have a middle class. It's extremely dangerous. We don't have a safety net. We must have it. We must satisfy the basic needs of the people," Gerasimov said.

But Gerasimove also showed optimism about the future. He suggested that Russia might develop its own brand of capitalism based on private property, human rights and the rule of law. "We are a very patient people. We live for the future." □

Bank Official Welcomes GATT Signing

World Bank Managing Director Attila Karasomanoglu last week joined trade and finance ministers from around the world for the historic signing of the Uruguay Round of the General Agreement on Tariffs and Trade in Marrakesh, Morocco. Here are excerpts from his remarks:

It is no coincidence that developing countries have participated more fully in this negotiation than ever before —their stake in a well-functioning international trading system is greater than ever before. The opportunities created by the Uruguay Round will reward those that have positioned themselves to benefit from lower trade barriers.

For many years, the World Bank has supported trade liberalization as a key element of its country assistance strategies. We will continue to do so. Everyone recognizes, of course, that there are also costs which can result from trade liberalization— and these costs may be greater for some countries than for others. Again, the Bank stands ready to help during transitional phases. We are a partner with our borrowing member countries in this process. □

GHANA A credit of SDR 15.9 million ($22 million) from the International Development Association (IDA) approved April 14 will help Ghana implement a series of water and sanitation pilot projects in towns across the country. The project will provide basic water services to communities that help pay for and manage them. In all, some 1,000 water supply points and 30 small town systems will be provided.

LAO PDR Lao PDR will improve its only highway linking the agricultural South with the Central and Northern parts of the country with help from an IDA credit of SDR 21.8 million ($30 million) approved April 14. The project will pave a 135-kilometer stretch of the road between Savannakhet and Pakse, the second and third largest cities in the country. About 36 bridges along the route will also be repaired.

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